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WHICH ASPECTS OF “FAMILINESS” INFLUENCE CONTINUOUS STRATEGIC RENEWAL IN FAMILY FIRMS? (SUMMARY)

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SUMMARY

WHICH ASPECTS OF “FAMILINESS” INFLUENCE CONTINUOUS STRATEGIC RENEWAL IN FAMILY FIRMS?

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Principal Topic

Continuous renewal is ever more strongly positioned at the heart of successful management practices. The present study arose from the desire to examine family firm strategic renewal practices given the specific contingencies of a range of family characteristics, and family - enterprise interconnections. We set out to *investigate the extent to which strategic renewal impacts upon the performance of family firms, and to identify which aspects of “familiness”, if any, act as facilitators or inhibitors of strategic renewal.*

Method

A survey instrument was created which captured data on the various family-related characteristics that the literature suggested were relevant, as well as on both organizational renewal, and firm performance. Usable responses were collected from the CEOs of 140 family firms in Greece, from a balanced range of sectors. With the data thus captured, regression analysis was carried out to test our hypotheses, and findings generated.

Results and Implications

We found strong evidence that strategic organizational renewal does indeed impact positively upon profit growth and strategic competitive advantage of the family firms in our sample.

The key role of the family firm CEO emerged from the data. These respondents' visions of the future played a substantial role in influencing the extent to which their firms engaged in continuous strategic renewal. Where CEOs had a strong growth aspiration for the future and succession planning was taking place, continuous strategic renewal was much more likely to be enacted. Equally, the entrepreneurial mindset and practices of founder CEOs were clearly established by this study: this group was substantially more prone to “morph” their business than subsequent generations. Desiring to employ their children within the venture also acts to curtail continuous strategic renewal, probably because it enhances parental altruism, and reduces CEO self-control. It is hence likely that CEO lifecycle issues are a key determinant of family firm strategic renewal.

Our study highlighted family *management practices*, especially the critical importance of the CEO as leader of the family firm, as the key influence on continuous strategic renewal.

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